

Exhibit 25

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IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Philip Wong, Frederic Chaussy, Leslie
Marie Shearn, and Chad Barbieri,
individually, on behalf of all others
similarly situated, and on behalf of the
general public,

Plaintiffs,

vs.

HSBC Mortgage Corporation (USA);
HSBC Bank USA, N.A.; and DOES 1
through 50, inclusive,

Defendants.

Case No.: 3:07-cv-2446 MMC

**[PROPOSED] NOTICE OF CLASS
ACTION**

1 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS**
2 **WILL BE AFFECTED BY PROCEEDINGS IN THIS ACTION.**

3 **YOU MAY BE ENTITLED TO RECEIVE A PAYMENT RELATED TO THE MATTER**
4 **DESCRIBED HEREIN.**

5 The purpose of this notice is to inform you of a pending class action lawsuit brought
6 against HSBC Mortgage Corporation (USA) and HSBC Bank USA, NA ("HSBC" or
7 "Defendants"). **You are receiving this Notice because you have been identified as a member**
8 **of the class certified by the Court** that consists of all persons who are or have been employed by
9 Defendants as "Retail Mortgage Lending Consultants," "Senior Retail Mortgage Lending
10 Consultants," "Retail Mortgage Consultants," and "Premier Mortgage Sales Officers"
11 (collectively known as "loan officers"), and other non-management mortgage sales employees,
12 who were misclassified as exempt, and therefore erroneously denied overtime, and meal and rest
13 period compensation, as required by state wage and hour laws, and/or who suffered unlawful
14 deductions from wages, within the State of California within the period four years prior to the
15 filing date of this Complaint.

16
17 This notice summarizes your rights and obligations as a class member in the certified
18 class. Please read carefully, as your rights may be affected by the disposition of the lawsuit.

19 **I. Description of the Lawsuit**

20
21 This action includes the named plaintiffs and all other individuals who meet the class
22 definition above. The Plaintiffs allege that the Defendants violated state law in California by
23 misclassifying you as an employee "exempt" from the State's wage and hour laws, and therefore
24 that HSBC may owe you overtime pay, meal and rest period premiums, and other penalties
25 stemming from this denied compensation. Plaintiffs also allege that HSBC unlawfully deducted
26 \$325 from loan officers' paychecks for potential customers' loan application fees whenever loan
27 officers decided to waive these application fees.
28

1 In particular, during the relevant period, California law has required that HSBC pay
2 overtime pay (1.5 times your regular rate of pay for each hour) to any employee who worked
3 more than 40 hours in a week or more than 8 hours in a day, who was not appropriately classified
4 as exempt. In this case, HSBC has claimed that you were exempt from overtime because you
5 were an outside salesperson, which means that HSBC says that you performed the majority of
6 your work away from the an HSBC facility or your home office, engaged in outside sales
7 activities. Plaintiffs state that you were not an outside salesperson under California law, because
8 you spent more than 50% of your actual working hours conducting sales-related activities either
9 at an HSBC facility or at your home office.
10

11 As to meal and rest periods, if you were not properly classified as exempt, you will be
12 entitled to premium pay for any day that you did not have a 30-minute uninterrupted meal period,
13 as long as you worked more than five (5) hours on that day. California law also requires HSBC
14 Mortgage Corporation (USA) and HSBC Bank USA, NA, to provide a second, 30-minute
15 uninterrupted meal period whenever you worked more than ten (10) hours in a day, and requires
16 the company to pay another hour of compensation at the regular rate of pay if the second meal
17 period was not provided.
18

19 Likewise, California law has required at all times relevant to this case that HSBC
20 Mortgage Corporation (USA) and HSBC Bank USA, NA, authorize and permit you to take rest
21 periods (and inform you of your right to do so), whenever you worked 3 ½ or more hours in a
22 day, at the rate of ten (10) minutes net rest time per four (4) hours worked (or major fraction
23 thereof). That is, the rest period law generally requires two 10-minute rest periods in a regular
24 eight-hour workday (not including bathroom breaks). Defendants were required to pay you an
25 additional hour of compensation at your regular rate of pay for any day in which you were not
26 authorized and permitted to take these rest breaks, if you were not properly classified as exempt.
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1 Because of the denied overtime and meal/rest period premiums, Plaintiffs allege that
2 HSBC Mortgage Corporation (USA) and HSBC Bank USA, NA, also owe you penalties under
3 California's laws requiring itemized wage statements, waiting time penalties, and relief under
4 California's unfair competition law. Defendants deny Plaintiffs' claims in this matter in every
5 respect, stating that all class members were paid properly.
6

7 As to the deduction claim, Defendants claim that they were entitled to take \$325 from
8 your pay if you waived application fees, and Plaintiffs allege that such deductions unlawfully
9 shifted the routine cost of business to you, and that you should be entitled to be reimbursed for
10 any such deductions.

11 **II. Persons Eligible to Receive this Notice**

12 To be eligible to receive this Notice, you must have been employed by Defendants as a
13 loan officer or other non-management, mortgage sales employee within the State of California at
14 any time from May 7, 2003, to present, and must have at some time worked more than 40 hours
15 in a week, 8 hours in a day, or missed a meal/rest period to which you were entitled, and/or had a
16 \$325 deduction from your pay for a waived loan application fee.
17

18 **. III. Your Right to Participate in This Lawsuit or Opt-Out**

19 **If you take no action by [date 30 days after notice is mailed to last-known address],**
20 **then you will be included in this lawsuit.**

21 **You can choose not to join this lawsuit only by sending notice clearly stating your**
22 **intention to opt-out of this suit, postmarked or date-stamped on or before [date 30 days**
23 **after notice is mailed to last-known address], to Plaintiffs' Counsel at the following address:**
24

25 Nichols Kaster, LLP
26 Attn: Bryan Schwartz
27 One Embarcadero Center
28 Suite 720
San Francisco, CA 94111
Toll-Free Telephone: (877) 448-0492

1 Facsimile: (415) 277-7238

2 If you opt-out, you have the right to pursue any claims against HSBC Mortgage Corporation
3 (USA) and HSBC Bank USA, NA independently, or with such private counsel as you may wish
4 to retain.

5
6 **IV. Effect of Being a Part of This Lawsuit**

7 If you do not timely opt-out of this lawsuit, you will be bound by any future ruling,
8 judgment, award, or settlement, entered in this case, favorable or unfavorable. If you opt-out of
9 this action, you will not receive any relief from this case, and you are free to take action on your
10 own.

11
12 **V. Changes of Address**

13 If this notice was sent to a wrong address, or if your address changes in the future, please
14 send prompt written notification of your correct address to Plaintiffs' Counsel at the above
15 address.

16
17 **VI. Examination of Papers**

18 All of the above descriptions of allegations, Court findings, and other matters in this
19 lawsuit are only summaries and do not fully describe all aspects of the case or settlement. The
20 pleadings and other papers filed in this action are public records and are available for inspection
21 during regular business hours at the Clerk's Office, 16th Floor, United States District Court for the
22 District of Northern California, 450 Golden Gate Ave., San Francisco, CA 94102.

23
24 **VII. Questions**

25 If you have any further questions with respect to this action or about this Notice, you may
26 direct such questions to Class Counsel:

27 Nichols Kaster, LLP: One Embarcadero Center, Suite 720, San Francisco, CA 94111; telephone:
28

(415) 277-7235; fax: (415) 277-7238; or e-mail bheitzinger@nka.com.

YOU SHOULD NOT CONTACT THE COURT WITH QUESTIONS.

VIII. Conclusion

THIS NOTICE AND ITS CONTENT HAS BEEN AUTHORIZED BY THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA, THE HONORABLE MAXINE CHESNEY, UNITED STATES DISTRICT COURT JUDGE.

The Honorable Maxine Chesney
United States District Judge

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Plaintiffs,

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Case No.: 3:07-cv-2446 MMC

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4 **DESCRIBED HEREIN.**

5 The purpose of this notice is to inform you of a pending class action lawsuit brought
6 against HSBC Mortgage Corporation (USA) and HSBC Bank USA, NA ("HSBC" or
7 "Defendants"). **You are receiving this Notice because you have been identified as a member**
8 **of the class certified by the Court** that consists of all persons who are or have been employed by
9 Defendants as "Retail Mortgage Lending Consultants," "Senior Retail Mortgage Lending
10 Consultants," "Retail Mortgage Consultants," and "Premier Mortgage Sales Officers"
11 (collectively known as "loan officers"), and other non-management mortgage sales employees,
12 who were misclassified as exempt, and therefore erroneously denied overtime, as required by
13 state wage and hour laws, and/or who suffered unlawful deductions from wages, within the State
14 of New York within the period six years prior to the filing date of this Complaint.

15 This notice summarizes your rights and obligations as a class member in the certified
16 class. Please read carefully, as your rights may be affected by the disposition of the lawsuit.

17 **I. Description of the Lawsuit**

18 This action includes the named plaintiffs and all other individuals who meet the class
19 definition above. The Plaintiffs allege that the Defendants violated state law in New York by
20 misclassifying you as an employee "exempt" from the State's wage and hour laws, and therefore
21 that HSBC may owe you overtime pay and other penalties stemming from this denied
22 compensation. Plaintiffs also allege that HSBC unlawfully deducted \$325 from loan officers'
23 paychecks for potential customers' loan application fees whenever loan officers decided to waive
24 these application fees.
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1 In particular, during the relevant period, New York law has required that HSBC pay
2 overtime pay (1.5 times your regular rate of pay for each hour) to any employee who worked
3 more than 40 hours in a week, who was not appropriately classified as exempt. In this case,
4 HSBC has claimed that you were exempt from overtime, saying you were an outside salesperson.
5 In other words, HSBC says that you were customarily and regularly engaged to sell HSBC loans
6 away from HSBC's places of business and your home office. Plaintiffs state that you were not an
7 outside salesperson under New York law, because you generally worked conducting sales-related
8 activities either at an HSBC facility or at your home office. In short, there is significant
9 disagreement between the parties concerning HSBC's expectations with respect to whether sales
10 were to be performed inside or outside of an HSBC facility or your home office, as well as the
11 frequency, duration and importance of the particular duties, if any, that you performed outside of
12 the office.
13

14
15 As to the deduction claim, Defendants claim that they were entitled to take \$325 from
16 your pay if you waived application fees, and Plaintiffs allege that such deductions unlawfully
17 shifted the routine cost of business to you, and that you should be entitled to be reimbursed for
18 any such deductions.
19

20 **II. Persons Eligible to Receive this Notice**

21 To be eligible to receive this Notice, you must have been employed by Defendants as a
22 loan officer or other non-management, mortgage sales employee within the State of New York at
23 any time from May 7, 2001, to present, and must have at some time worked more than 40 hours
24 in a week, and/or had a \$325 deduction from your pay for a waived loan application fee.

25 **. III. Your Right to Participate in This Lawsuit or Opt-Out**

26 **If you take no action by [date 30 days after notice is mailed to last-known address],**
27 **then you will be included in this lawsuit.**
28

You can choose not to join this lawsuit only by sending notice clearly stating your intention to opt-out of this suit, postmarked or date-stamped on or before [date 30 days after notice is mailed to last-known address], to Plaintiffs' Counsel at the following address:

Nichols Kaster, LLP
Attn: Bryan Schwartz
One Embarcadero Center
Suite 720
San Francisco, CA 94111
Toll-Free Telephone: (877) 448-0492
Facsimile: (415) 277-7238

If you opt-out, you have the right to pursue any claims against HSBC Mortgage Corporation (USA) and HSBC Bank USA, NA independently, or with such private counsel as you may wish to retain.

IV. Effect of Being a Part of This Lawsuit

If you do not timely opt-out of this lawsuit, you will be bound by any future ruling, judgment, award, or settlement, entered in this case, favorable or unfavorable. If you opt-out of this action, you will not receive any relief from this case, and you are free to take action on your own.

V. Changes of Address

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VI. Examination of Papers

All of the above descriptions of allegations, Court findings, and other matters in this lawsuit are only summaries and do not fully describe all aspects of the case or settlement. The pleadings and other papers filed in this action are public records and are available for inspection during regular business hours at the Clerk's Office, 16th Floor, United States District Court for the

District of Northern California, 450 Golden Gate Ave., San Francisco, CA 94102.

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If you have any further questions with respect to this action or about this Notice, you may direct such questions to Class Counsel:

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The Honorable Maxine Chesney
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9 Defendants as "Retail Mortgage Lending Consultants," "Senior Retail Mortgage Lending
10 Consultants," "Retail Mortgage Consultants," and "Premier Mortgage Sales Officers"
11 (collectively known as "loan officers"), and other non-management mortgage sales employees,
12 who were misclassified as exempt, and therefore erroneously denied overtime, as required by
13 state wage and hour laws, and/or who suffered unlawful deductions from wages, within the State
14 of New Jersey within the period two years prior to the filing date of this Complaint.

15 This notice summarizes your rights and obligations as a class member in the certified
16 class. Please read carefully, as your rights may be affected by the disposition of the lawsuit.

17 **I. Description of the Lawsuit**

18 This action includes the named plaintiffs and all other individuals who meet the class
19 definition above. The Plaintiffs allege that the Defendants violated state law in New Jersey by
20 misclassifying you as an employee "exempt" from the State's wage and hour laws, and therefore
21 that HSBC may owe you overtime pay and other penalties stemming from this denied
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5 In other words, HSBC says that you were customarily and regularly engaged to sell HSBC loans
6 away from HSBC's places of business and your home office. Plaintiffs state that you were not an
7 outside salesperson under New Jersey law, because you did not work 80% or more of the time
8 conducting sales-related activities away from an HSBC facility or at your home office. In short,
9 there is significant disagreement between the parties concerning HSBC's expectations with
10 respect to whether sales were to be performed inside or outside of an HSBC facility or your home
11 office, as well as the frequency, duration and importance of the particular duties, if any, that you
12 performed outside of the office.
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16 your pay if you waived application fees, and Plaintiffs allege that such deductions unlawfully
17 shifted the routine cost of business to you, and that you should be entitled to be reimbursed for
18 any such deductions.
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20 **II. Persons Eligible to Receive this Notice**

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22 loan officer or other non-management, mortgage sales employee within the State of New Jersey at
23 any time from May 7, 2005, to present, and must have at some time worked more than 40 hours
24 in a week, and/or had a \$325 deduction from your pay for a waived loan application fee.

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The Honorable Maxine Chesney
United States District Judge